

Message Text

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71

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 EA-11 FRB-02 INR-10 NEA-10 NSAE-00 RSC-01

OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01

L-03 SS-20 NSC-10 H-03 PA-04 USIA-15 PRS-01 DRC-01

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6008

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENAHGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

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AMEMBASSY ROME

AMEMBASSY DUBLIN

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, EEC

SUBJECT: EC COMMISSION PAPER ON MULTINATIONAL CORPORATIONS

REF: EC A-356, SEPTEMBER 24, 1973

1. BEGIN SUMMARY. AFTER MONTHS OF REDRAFTING, THE EC COMMISSION ON NOVEMBER 7 APPROVED AND SENT TO THE EC COUNCIL THE LONG-AWAITED "COMMUNICATION" ON MULTINATIONAL CORPORATIONS (MNCS). (AN ADVANCE COPY IN FRENCH HAS BEEN FORWARDED TO EUR/RPE ATTENTION MEIMA).

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ALTHOUGH THE FORMAT HASCHANGED FROM THE DRAFT VERSION TRANS-

MITTED WITH AND REPORTED ON IN REFERENCED AIRGRAM, THE APPROACH TO THE PROBLEM POSED THE MNCS AND THE MEASURES ADVOCATED TO MEET THEM ARE SIMILAR. HOWEVER, THE FINAL PRODUCT GOES EVEN FURTHER THAN THE EARLIER DRAFTS TO UNDERLINE THE POSITIVE CONTRIBUTION OF MNCS TO ECONOMIC GROWTH. IT ALSO STATES THAT THE FRAMEWORK THAT WOULD BE DEVELOPED BY THE VARIOUS PROPOSALS IS NOT DISCRIMINATORY TO INDIVIDUALS AND FIRMS WHETHER NATIONAL, INTERNATIONAL, COMMUNITY-BASED OR FROM OUTSIDE THE COMMUNITY. END SUMMARY.

2. REGARDING THE SPECIFIC MEASURES, SOME HAVE ALREADY BEEN PRESENTED TO THE COUNCIL AND OTHERS ARE NEW. MORE IMPORTANT PROPOSALS ARE:

A. THE DEVELOPMENT OF INTERNATIONAL COOPERATION ON INFORMATION, CONTROL AND RECOVERY REGARDING TAX EVASION WITH PARTICULAR ATTENTION DEVOTED TO THE PROBLEM OF TRANSFER PRICES AND LICENSE PAYMENTS;

B. A "GROUP LAW" WHICH WOULD MAKE PARENT COMPANIES RESPONSIBLE FOR OBLIGATIONS OF SUBSIDIARIES;

C. THE ESTABLISHMENT OF COMMUNITY RULES REGARDING ACQUISITION OF COMPANIES THROUGH PURCHASES OF SHARES ON THE STOCK MARKET;

D. THE DEVELOPMENT OF A SYSTEM FOR THE COLLECTION OF STANDARDIZED INFORMATION ON MNCS.

3. THE PAPER ALSO CALLS FOR AN EFFORT TO GENERALIZE SOME OF THE PROPOSALS TO ALL INDUSTRIALIZED COUNTRIES AT THE "LEVEL OF COUNTRIES MEMBERS OF THE OECD".

4. A DRAFT RESOLUTION OF THE COUNCIL (WHICH IS PART OF THE COMMUNICATION) IF APPROVED, WOULD REPRESENT A COMMITMENT BY THE COUNCIL TO ACT ON PROPOSALS ALREADY BEFORE IT AND WOULD INDICATE COUNCIL APPROVAL OF THE OVERALL DIRECTION OF THE COMMISSION'S PAPER. THE COMMISSION WOULD HOPE TO HAVE THE COUNCIL APPROVE THE DRAFT RESOLUTION BEFORE THE END OF THE YEAR.

5. COMMENT: A NOVEMBER 6 UPI PRESS REPORT DATED IN BRUSSELS STATES LIMITED OFFICIAL USE

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THAT THE DRAFT PROPOSALS WOULD SIGNIFICANTLY LIMIT THE FREEDOM OF COMPANIES TO CARRY OUT INTERNATIONAL BUSINESS. AT QUICK READING, THAT HARDLY SEEMS TO BE THE INTENT OF THE COMMISSION PAPER WHICH IS GENERALLY LIBERAL AND NON-DISCRIMINATORY. THE BODY OF THE PAPER AND THE RESOLUTION DO, HOWEVER, IDENTIFY AND SUGGEST APPROACHES TO SOME WELL-KNOWN "PREOCCUPATIONS" ABOUT MNCS, E.G. EFFORTS ON EMPLOYMENT, COMPETITION, TAX EVASION, ETC. WE SUGGEST CAREFUL WASHINGTON STUDY OF THE DOCUMENT IN ANY CASE. AIRGRAM FOLLOWS.

GREENWALD

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